

eDUMBE MUNICIPALITY					
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009					
		2009		2008	
		R		R	
21	CAPITAL COMMITMENTS				
	Commitments in respect of capital expenditure:				
	- Approved and contracted for	8 130 000		6 230 000	
	Infrastructure	8 130 000		6 230 000	
	Community				
	Heritage				
	Other				
	- Approved but not yet contracted for	0		2 800 000	
	Infrastructure			1 000 000	
	Community	-		1 600 000	
	Heritage	-		-	
	Other	-		-	
	Total	8 130 000		8 830 000	
	This expenditure will be financed from:				
	- Government Grants	8 130 000		8 430 000	
	- Capital Replacement Reserve	-		-	
	- External Loans	-		-	
	- Own Resources	-		400 000	
	- District Council Grants	-		-	
		8 130 000		8 830 000	
22	RELATED PARTIES				
	There are no known related parties				
23	POST BALANCE SHEET EVENTS				
	There have been no post balance sheet events				
24	COMPARISON WITH BUDGET				
	The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure E(1) and E(2).				
25	CORRECTION OF PRIOR PERIOD ERROR				
1	During the year ended 30 June 2008 funds & reserves were inappropriately disclosed on the face of the balance sheet and not reallocated to correct reserve in the statement of changes in net assets.				
	The comparative amounts were restated as follows:				
	Housing development fund				
	Balance previously reported			-100 348.00	
	Transfer from Statutory funds			23 190	
	Restated balance as at 1 July 2007			-77 158	
	Capitalisation reserve				
	Balance previously reported			-11 098 273.00	
	Transfer from Statutory funds			-8 240 375	
	Transfer from Non-distributable reserves				
	Restated balance as at 1 July 2007			-19 338 648	
	Government Grant reserve				
	Balance previously reported			-	
	Transfer from Non-distributable reserves			-17 066 723	
	Transfer from Distributable reserves			-21 588 320	
	Restated balance as at 1 July 2007			-38 655 043	
	Revaluation reserve				
	Balance previously reported			-2 829 231.73	
	Transfer from Non-distributable reserves			2 973 544	
	Restated balance as at 1 July 2007			144 312	
	Statutory funds				
	Balance previously reported			-2 958 246.00	
	Transfer to Housing development fund			-23 190.00	
	Transfer to Capitalisation reserve			2 981 436.00	
	Restated balance as at 1 July 2007			-	
	Non-distributable reserves				
	Balance previously reported			-29 419 226.00	
	Transfer to Capitalisation reserve			8 240 375	
	Transfer to Revaluation reserve			4 112 128	
	Transfer to Government grant reserve			17 066 723	
	Restated balance as at 1 July 2007			-	
	Distributable reserves				
	Balance previously reported			-7 085 672	
	Transfer to Government Grant reserve			2 270 635	
	Transfer to Accumulated surplus			4 815 037	
	Restated balance as at 1 July 2007			-	
	Other reserves				
	Balance previously reported			-1 835 000	
	Transfer to Accumulated surplus			1 835 000	
	Restated balance as at 1 July 2007			-	
	Accumulated surplus				
	Balance previously reported			-12 464 934	
	Transfer from Distributable reserves			-6 750 963	
	Transfer from Other reserves			-19 215 897	
	Restated balance as at 1 July 2007			-	
2	Vat adjustment				
	During the 22/07/08 financial year, the management of the municipality appointed consultants to resolve the vat challenges that were being encountered. This resulted in adjusting entries that needed to be processed on the financial system to present a fair reflection of the vat obligation of the municipality. Majority of these entries related to the prior year and since it would be too tedious and time consuming to analyse which individual votes were misstated, the consultants recommended to management that the adjusting entries required be processed to prior year appropriation.				

eDUMBE MUNICIPALITY					
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009					
				2009	2008
				R	R
26	INTANGIBLE ASSETS				
	30-Jun-09				
	Reconciliation of Carrying Value				
		<u>Website costs</u>	<u>Computer software</u>	<u>Total</u>	
		R	R	R	
	Carrying Values at 1 July 2008	0	35 573	35 573	
	Cost	0	578 887	578 887	
	Accumulated depreciation	0	-543 315	-543 315	
	Acquisitions	0	0	0	
	Capital under construction	0		0	
	Depreciation	0	0		
	Carrying value of disposals			0	
	Cost	0	0	0	
	Accumulated depreciation	0	0	0	
	Carrying Values at 30 June 2009	0	35 573	35 573	
	Cost	0	578 887	578 887	
	Accumulated depreciation	0	-543 315	-543 315	
	Depreciation was calculated manually on the intangible assets.				
	Only expenditure relating to computer software and website costs are capitalised and disclosed as intangible assets.				
	All other expenditure are expensed as incurred. This is in line with the exemptions of Government Gazette 30013				

APPENDIX A						
eDUMBE MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009						
EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/2007	Received during the period	Redeemed written off during the period	Balance at 30/06/2008
LONG-TERM LOANS			R	R	R	R
				600 000		600 000
				0		0
Total long-term loans			0	600 000	0	600 000
GOVERNMENT LOANS						
				0	0	0
				0	0	0
Total government loans			0	0	0	0
TOTAL EXTERNAL LOANS			0	600 000	0	600 000

APPENDIX B											
eDUMBE MUNICIPALITY: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT (INCLUDING INTANGIBLES) AS AT 30 JUNE 2009											
	Opening Balance	Additions	Rehabilitation	Cost/ Revaluation Under Construction	Disposals/ Transfers	Closing Balance	Opening Balance	Additions	Accumulated Depreciation Disposals/ Transfers	Closing Balance	Carrying value
Land and Buildings											
Land	11 377 842			297 887	0	11 675 729	0	0	0	0	11 675 729
Building	10 767 061	0			0	10 767 061	1 696 637	0	0	1 696 637	9 070 424
	22 144 903	0		297 887	0	22 442 790	1 696 637	0	0	1 696 637	20 746 153
Infrastructure											
Electricity	0				0	0	0	0		0	0
Roads	10 877 951	3 961 885			0	14 839 836	2 816 909	583 397		3 400 306	11 439 531
Sewerage	0				0	0	0	0	0	0	0
Water	0				0	0	0	0	0	0	0
	10 877 951	3 961 885		0	0	14 839 836	2 816 909	583 397	0	3 400 306	11 439 531
Community Assets											
Airports	0					0	0	0		0	0
Building	0					0	0	0		0	0
Recreational Facilities	173 491					173 491	31 084	0		31 084	142 407
Security Measures	114 032					114 032	105 189	0		105 189	8 843
	287 523	0		0	0	287 523	136 273	0	0	136 273	151 250
Other Assets											
Audio Visual	132 100	7 999			0	140 099	47 703	400	0	48 103	91 996
Bins and Containers	16 250	5 600			0	21 850	3 521	484	0	4 005	17 845
Computer Equipment	765 206	51 456			17 498	799 164	142 777	5 584	0	148 361	650 803
Computer Software	578 887	0			0	578 887	487 427	35 573	0	523 000	35 573
Emergency Equipment	0				0	0	0	0	0	0	0
Fire Equipment	40 500				0	40 500	8 775	0		8 775	31 725
Furniture and Fittings	1 285 780	107 086			0	1 392 866	141 459	18 994		160 453	1 232 413
Medical equipment	16 500				0	16 500	3 142	0		3 142	13 358
Office Equipment	544 370	261 250			0	805 620	88 904	47 238	0	136 142	669 479
Vehicles Tractors etc.	1 921 902	178 000			50 000	2 049 902	790 040	8 900	0	798 940	1 250 962
Plant and Equipment	31 690				0	31 690	5 198	0	0	5 198	26 492
Tools and equipment	67 400	9 250			0	76 650	24 072	1 409	0	25 482	51 168
	5 400 585	620 640		0	67 498	5 953 727	1 743 018	118 581	0	1 861 599	4 071 813
TOTAL	38 710 962	4 582 525	297 887		0	43 523 876	6 392 837	701 978	0	7 094 815	36 408 747
Disclosed under note 27: Intangibles assets											

APPENDIX C

eDUMBE MUNICIPALITY: SEGMENT ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2009

	Cost				Accumulated Depreciation			Carrying value
	Opening Balance	Additions	Rehabilitation	Under Construction	Disposals/Transfers	Closing Balance	Disposals/Transfers	
Community services	4 108 930	92 481	297 887		0	4 498 298	16 872	3 714 236
Executive & Council	700 020	21 893			0	721 913	3 993	623 283
Corporate Services	619 823	240 725			0	860 548	29 576	517 245
Health	97 100	0			0	97 100	0	78 556
Financial Services & Estates	17 845 094	154 881			17 498	17 982 278	12 781	16 912 729
Municipal Manager	185 856	3 950			0	189 806	480	162 270
Planning & Tourism	178 206	42 273			0	220 479	7 589	186 577
Sports and Recreation	1 690 630	0				1 690 630	0	1 277 984
Traffic	167 800	0				167 800	0	142 242
Technical Services	13 117 503	64 637			50 000	17 094 025	630 686	12 811 941
Sewerage	0	0		3 961 885	0	0	0	0
Water	0	0			0	0	0	0
TOTAL	38 710 962	620 640	297 887	3 961 885	67 498	43 523 876	701 978	36 429 062

APPENDIX E(1)					
eDUMBE MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009					
REVENUE	<u>2009 Actual R</u>	<u>2009 Budget R</u>	<u>2009 Variance R</u>	<u>2009 Variance %</u>	<u>Explanation of Significant Variances greater than 10% versus budget</u>
Government grants and subsidies	16 002 426	17 166 000	-1 163 574	-7	Budget excluded conditional grants whose conditions were met and transferred to revenue
Service charges	5 498 133	5 540 812	-42 679	-1	
Rates income	2 686 455	2 361 366	325 089	14	
Other services/ levies	12 913 704	13 034 662	-120 958	-1	
Rental income	2 698 742	419 335	2 279 407	544	
Interest earned	0	0	0	100	Not budgeted for
Total Revenue	39 799 460	38 522 175	1 277 285	3	
EXPENDITURE					
Employee related costs	19 054 119	14 123 065	4 931 054	35	Back pay not budgeted for
Remuneration of councillors	427 579	2 256 100	-1 828 521	-81	Majority due to savings in indigent relief
General expenses	8 880 208	10 926 695	-2 046 487	-19	Time spent greater than budget
Audit Fee	0	150 000	-150 000	-100	Not budgeted for
Grants and subsidies paid	1 232 691	5 582 500	-4 349 809	100	
Electricity purchases	5 457 906	3 510 190	1 947 717	55	
Bad debts	7 242 522	71 126	7 171 396	10083	Water and Sewer debtors provided for
Legal fees	252 830	400 000	-147 170	-37	Staff members suspended which was not budgeted for
Contract services	0	0	0	0	
Repairs and maintenance	2 827 187	1 183 000	1 644 187	139	
Loss on sale of asset	0	0	0	100	Not budgeted for
Depreciation	701 978	319 500	382 478	120	Additions greater than budget
Total Expenditure	46 077 019	38 522 175	7 554 844	20	
NET SURPLUS/ (DEFICIT) FOR THE YEAR	-6 277 559	-0			

APPENDIX E(2)									
eDUMBE MUNICIPALITY: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009									
	2009 Actual R	2009 Under Construction R	2009 Total Additions R	2009 Budget R	2009 Variance R	2009 Variance %	Explanation of Significant Variances greater than 10% versus budget		
Community services	351 514		351 514		-351 514	-100	Not budgeted for		
Executive & Council	21 893		21 893		-21 893	-100	Not budgeted for		
Corporate Services	240 725		240 725		-240 725	-100	Not budgeted for		
Financial Services & Estates	154 681		154 681	0	-154 681	-100	Actual costs greater than budget. More assets acquired than budgeted for		
Municipal Manager	3 950		3 950		-3 950	-100	Not budgeted for		
Planning & Tourism	42 273		42 273		-42 273	-100	Not budgeted for		
Technical Services	64 637	3 961 885	4 026 521	8 830 000	4 803 479	54	More roads constructed than planned		
	879 673	3 961 885	4 841 558	8 830 000					